



Patrick W. Henning, Director

September 11, 2008
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Mr. Sal Vaca, Director
City of Richmond Employment and Training Program
330 25th Street
Richmond, CA 94804



Arnold Schwarzenegger
Governor

Dear Mr. Vaca:

WORKFORCE INVESTMENT ACT
FISCAL AND PROCUREMENT REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2007-08

This is to inform you of the results of our review for Program Year (PY) 2007-08 of the City of Richmond Employment and Training's (CREPT) Workforce Investment Act (WIA) grant financial management and procurement systems. This review was conducted by Mr. Dave Ajirogi from June 16, 2008 through June 20, 2008. For the fiscal portion of the review, we focused on the following areas: fiscal policies and procedures, accounting system, reporting, program income, expenditures, internal control, allowable costs, cash management, cost allocation, indirect costs, fiscal monitoring of subrecipients, single audit and audit resolution policies and procedures for its subrecipients and written internal management procedures. For the procurement portion of the review, we examined procurement policies and procedures, methods of procurement, procurement competition and selection of service providers, cost and price analyses, and contract terms and agreements and property management.

Our review was conducted under the authority of Section 667.410(b)(1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by CREPT with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding financial management and procurement for PY 2007-08.

We collected the information for this report through interviews with representatives of CREPT, a review of applicable policies and procedures, and a review of documentation retained by CREPT for a sample of expenditures and procurements for PY 2007-08.

We received your response to our draft report on September 3, 2008, and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed the finding cited in the draft report, no further action is required and we consider the issue resolved.

BACKGROUND

The CREPT was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2007-08, CREPT was allocated: \$505,000 to serve 121 adult participants; \$517,448 to serve 120 youth participants; and \$299,160 to serve 75 dislocated worker participants.

For the quarter ending June 30, 2008, CREPT reported the following expenditures and enrollments for its WIA programs: \$206,922 to serve 98 adult participants; \$403,330 to serve 115 youth participants; and \$115,713 to serve 78 dislocated worker participants.

FISCAL REVIEW RESULTS

While we concluded that, overall, CREPT is meeting applicable WIA requirements concerning financial management, we noted an instance of noncompliance in the area of: training and tuition refunds. The finding that we identified in this area, our recommendation, and CREPT proposed resolution of the finding are specified below.

FINDING 1**Requirement:**

20 CFR Section 667.410(a)(1) states, in part, that each recipient and subrecipients must conduct regular oversight and monitoring of its WIA activities and those of its subrecipients and contractors in order to determine that expenditures have been made against the cost categories and within the cost limitations specified in the Act and the Regulations.

Directive WIAD04-4 states, in part, that all subrecipients of WIA funds must produce and maintain written policy and procedures at the local level to ensure the recovery of unused WIA training monies. The policy and procedures should include but not be limited to:

- Who the responsible party is for acknowledging and determining when a refund is due.
- How often the participant is tracked to determine the participant is still receiving training and ensure prompt return of any unused training monies.
- Who is responsible for the collection process of any outstanding training and/or tuition refund.

- Observation:** We observed that CREPT did not have a policy to recover training refunds for participants who drop out of training. Specifically, CREPT's individual training account policy and procedures do not specify the information above in WIAD04-4.
- Recommendation:** We recommended that CREPT develop a training refund policy that includes all of the requirements contained in WIAD04-4 and provide a copy to the Compliance Review Division (CRD).
- CREPT Response:** The CREPT provided a copy of its tuition and training refund policy that includes all of the requirements stated in WIAD04-4. In addition, the new policy is currently being implemented by CREPT.
- State Conclusion:** We consider this finding resolved.

PROCUREMENT REVIEW RESULTS

We concluded that, overall, CREPT is meeting applicable WIA requirements concerning procurement.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is CREPT's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain CREPT's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Mr. Jim Tremblay at (916) 654-7825 or Mr. Dave Ajirogi at (916) 657-4591.

Sincerely,



JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Division

cc: Jose Luis Marquez, MIC 50
Daniel Patterson, MIC 45
Georganne Pintar, MIC 50
Gilbert von Studnitz, MIC 50